



FACB INDUSTRIES INCORPORATED BERHAD (48850-K)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME For The Second Quarter Ended 31 December 2014**
(The figures have not been audited)

	Current Quarter Ended 31/12/2014 RM'000	Comparative Quarter Ended 31/12/2013 RM'000	6 Months Cumulative To Date 31/12/2014 RM'000	6 Months Cumulative To Date 31/12/2013 RM'000
Continuing Operations				
Revenue	16,323	18,379	28,556	33,620
Direct operating costs	(12,065)	(13,002)	(21,654)	(23,808)
Gross profit	4,258	5,377	6,902	9,812
Other income	1,384	2,432	2,746	65,281
Operating expenses	(4,749)	(4,745)	(8,731)	(9,381)
Share of results of associates	1,798	1,400	2,910	2,391
Profit before taxation	2,691	4,464	3,827	68,103
Taxation	(328)	(798)	(546)	157
Net profit for the period from continuing operations	2,363	3,666	3,281	68,260
Discontinued Operation				
(Loss)/Profit from discontinued operation, net of tax (Note A12)	(89)	(73)	(103)	130
Net profit for the period	2,274	3,593	3,178	68,390
Other comprehensive income				
Exchange differences on translation of foreign operation	6	1	8	3
Fair value adjustments of available-for-sale ("AFS") investments	(8,480)	(10,549)	(10,176)	(10,549)
Total comprehensive income for the period	(6,200)	(6,955)	(6,990)	57,844
Profit attributable to:				
Owners of the parent	1,472	2,758	1,886	67,042
Non-controlling interests	802	835	1,292	1,348
	2,274	3,593	3,178	68,390

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME For The Second Quarter Ended 31 December 2014 (Cont'd)**
(The figures have not been audited)

	Current Quarter Ended 31/12/2014 RM'000	Comparative Quarter Ended 31/12/2013 RM'000	6 Months Cumulative To Date 31/12/2014 RM'000	6 Months Cumulative To Date 31/12/2013 RM'000
Total comprehensive income attributable to:				
Owners of the parent	(7,002)	(7,790)	(8,282)	56,496
Non-controlling interests	802	835	1,292	1,348
	(6,200)	(6,955)	(6,990)	57,844
Earnings/(Loss) per share for profit/(loss) attributable to owners of the parent (sen):				
From continuing operations	1.81	3.34	2.32	79.84
From discontinued operation	(0.06)	(0.05)	(0.07)	0.08
	1.75	3.29	2.25	79.92
Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As At 31 December 2014**

	Unaudited As At 31/12/2014 RM'000	Audited As At 30/06/2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	5,657	5,786
Associates	23,148	20,238
Available-for-sale investments	20,391	30,567
Deferred tax assets	956	956
	50,152	57,547
Current Assets		
Inventories	16,084	14,929
Trade and other receivables	16,848	17,265
Deposits, cash and bank balances	148,321	151,685
	181,253	183,879
Total Assets	231,405	241,426
EQUITY AND LIABILITIES		
Equity		
Share capital	85,163	85,163
Share premium	28,989	28,989
Treasury shares	(1,225)	(1,225)
Other reserves	(12,458)	(2,290)
Retained earnings	100,597	101,060
Equity attributable to owners of the parent	201,066	211,697
Non-controlling interests	18,384	17,092
Total equity	219,450	228,789
Non-Current Liability		
Deferred tax liabilities	122	122
	122	122
Current Liabilities		
Trade and other payables	11,182	11,851
Tax liabilities	651	664
	11,833	12,515
Total liabilities	11,955	12,637
Total Equity and Liabilities	231,405	241,426
Net Assets per share (RM)	2.40	2.52

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For The Period Ended 31 December 2014***(The figures have not been audited)*

	← Attributable to Owners of the Parent →					Total	Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Earnings			
In RM'000								
Balance at 30 June 2014	85,163	(1,225)	28,989	(2,290)	101,060	211,697	17,092	228,789
Net profit for the period	-	-	-	-	1,886	1,886	1,292	3,178
Other comprehensive income								
- Exchange differences on translation of foreign operation	-	-	-	8	-	8	-	8
- Fair value adjustments of AFS investments	-	-	-	(10,176)	-	(10,176)	-	(10,176)
Total comprehensive income for the period	-	-	-	(10,168)	1,886	(8,282)	1,292	(6,990)
Dividends paid	-	-	-	-	(2,349)	(2,349)	-	(2,349)
Balance at 31 December 2014	85,163	(1,225)	28,989	(12,458)	100,597	201,066	18,384	219,450
Balance at 30 June 2013	85,163	(1,225)	28,989	5,510	35,841	154,278	15,181	169,459
Net profit for the period	-	-	-	-	67,042	67,042	1,348	68,390
Other comprehensive income								
- Exchange differences on translation of foreign operation	-	-	-	3	-	3	-	3
- Fair value adjustments of AFS investments	-	-	-	(10,549)	-	(10,549)	-	(10,549)
Total comprehensive income for the period	-	-	-	(10,546)	67,042	56,496	1,348	57,844
Dividends paid	-	-	-	-	(2,013)	(2,013)	-	(2,013)
Dividend to non-controlling interest of a subsidiary	-	-	-	(16)	-	(16)	(169)	(185)
Derecognition of a subsidiary	-	-	-	(967)	84	(883)	246	(637)
Balance at 31 December 2013	85,163	(1,225)	28,989	(6,019)	100,954	207,862	16,606	224,468

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For The Period Ended 31 December 2014***(The figures have not been audited)*

	Current Period Ended 31/12/2014 RM'000	Comparative Period Ended 31/12/2013 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before taxation from - continuing operations	3,827	68,103
- discontinued operation	(48)	130
Adjustments for :-		
Share of results of associates	(2,910)	(2,391)
Depreciation of property, plant and equipment	302	321
Impairment loss on trade receivables	139	10
Interest income	(2,590)	(2,618)
Gain on disposal of property, plant and equipment	-	(60,961)
Other non-cash items	(66)	(1,276)
Operating (loss)/profit before working capital changes	(1,346)	1,318
Net changes in current assets	(1,799)	(778)
Net changes in current liabilities	(669)	(10,111)
Cash used in operations	(3,814)	(9,571)
Interest received	2,516	1,934
Income tax paid	(1,141)	(816)
Net cash used in operating activities	(2,439)	(8,453)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(173)	(413)
Proceeds from disposal of property, plant and equipment	-	96,249
Dividend received from associates	1,558	2,587
Net cash outflows on derecognition of a subsidiary	-	(8)
Net cash generated from investing activities	1,385	98,415
Cash Flows from Financing Activities		
Dividends paid	(2,349)	(2,013)
Dividend paid to non-controlling interest by a subsidiary	-	(169)
Net cash used in financing activities	(2,349)	(2,182)
Net (decrease)/increase in cash and cash equivalents	(3,403)	87,780
Effects of exchange rate changes	39	197
Cash and cash equivalents at beginning of the period	151,685	59,931
Cash and cash equivalents at end of the period	148,321	147,908
Cash and cash equivalents comprise :-		
Cash and bank balances	5,572	6,979
Deposits with licensed financial institutions	142,749	140,929
	148,321	147,908

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014)

NOTES (IN COMPLIANCE WITH MFRS 134)**A1 Basis of Preparation**

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 on Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). The unaudited condensed consolidated interim financial statements also comply with IAS 34 on Interim Financial Reporting issued by International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2014.

The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2014 except for the following:-

(i) Adoption of New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation

		Effective for financial periods beginning on or after
Amendments to MFRS 10, 12 and 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Int 21	Levies	1 January 2014
Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle		1 July 2014

(ii) MFRSs and Amendments/Improvements to MFRSs issued but not yet effective

The following are the MFRSs and Amendments/Improvements to MFRSs that have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:-

		Effective for financial periods beginning on or after
Amendments to MFRS 10,12 and 128	Investment Entities: Applying the Consolidation Exception	1 January 2016

NOTES (IN COMPLIANCE WITH MFRS 134)**A1 Basis of Preparation (cont'd)****(ii) MFRSs and Amendments/Improvements to MFRSs issued but not yet effective (cont'd)**

The following are the MFRSs and Amendments/Improvements to MFRSs that have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:-

		Effective for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle		1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018

The Group intends to adopt the above MFRSs when they become effective.

A2 Qualification of Financial Statements

The Group's most recent annual audited financial statements for the year ended 30 June 2014 was not qualified.

A3 Seasonal or Cyclical Factors

The Group's operations for the current quarter and financial year-to-date were not materially affected by any seasonal or cyclical factors.

A4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year-to-date.

A5 Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts reported in the previous interim period of the current financial year or changes in estimate of amounts reported in the previous financial years which have a material effect in the current quarter or the current financial year-to-date.

A6 Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter. As at 31 December 2014, total shares repurchased were 1,279,700 and all the shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

NOTES (IN COMPLIANCE WITH MFRS 134)**A7 Dividend Paid**

During the quarter ended 31 December 2014, a final single-tier dividend of 2.8% per ordinary share amounting to RM2,348,718 in respect of financial year ended 30 June 2014 was paid on 30 December 2014.

A8 Reportable Segments

	<u>Steel</u>	<u>Bedding</u>	<u>All Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
For Current Period					
Ended 31 December 2014					
Revenue from					
continuing operations:					
External revenue	10,649	17,907	-	-	28,556
Inter-segment revenue	-	-	32	(32)	-
Total	10,649	17,907	32	(32)	28,556
Results from continuing operations:					
Interest income	3	27	2,558	-	2,588
Depreciation	150	151	1	-	302
Reportable segment (loss)/profit before taxation	(1,326)	224	2,019	-	917
Share of results of associates	-	154	2,756	-	2,910
(Loss)/Profit before taxation	(1,326)	378	4,775	-	3,827
Loss before taxation from discontinued operation	-	-	(48)	-	(48)
Total	(1,326)	378	4,727	-	3,779
For Comparative Period					
Ended 31 December 2013					
Revenue from					
continuing operations:					
External revenue	11,561	22,059	-	-	33,620
Inter-segment revenue	-	-	22	(22)	-
	11,561	22,059	22	(22)	33,620
Revenue from discontinued operation	-	-	1,155	-	1,155
Total	11,561	22,059	1,177	(22)	34,775
Results from continuing operations:					
Interest income	24	38	2,554	-	2,616
Depreciation	135	178	1	-	314
Reportable segment (loss)/profit before taxation	(733)	2,235	64,210	-	65,712
Share of results of associates	-	151	2,240	-	2,391
(Loss)/Profit before taxation	(733)	2,386	66,450	-	68,103
Profit before taxation from discontinued operation	-	-	130	-	130
Total	(733)	2,386	66,580	-	68,233

NOTES (IN COMPLIANCE WITH MFRS 134)**A9 Material Events Subsequent to the End of the Quarter under Review**

There was no material event from the end of the quarter under review to 5 February 2015 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report) that has not been reflected in the current quarter and financial year-to-date.

A10 Effect of Changes in the Composition of the Group

There was no changes in the composition of the Group during the current quarter and financial year-to-date except incorporation of a subsidiary in China named Dreamland Marketing (Shanghai) Co Ltd (“DM”) with a paid up capital of RMB1 million which the Company announced to BMSB on 5 February 2015. The main purpose of DM is marketing which includes marketing of bedding products.

A11 Changes in Contingent Liabilities or Contingent Assets

There was no contingent liabilities or contingent assets as at the date of this report which may have a material impact on the financial position of the Group.

A12 Discontinued Operation

Nantong Dreamland Steel Products Co Ltd (“NDSP”), a 55%-owned subsidiary of Dreamland Spring Sdn Bhd (“DSS”), had ceased its operation during the financial year 2013. The result of NDSP is presented separately in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income as “(Loss)/Profit from discontinued operation, net of tax”.

In the previous financial year, Dreamland Xian Pte Ltd (“DX”), a 52%-owned subsidiary of DSS, was derecognised and ceased to be as subsidiary of DSS and the Group on the deregistration of DX.

The results of the discontinued operation were as follows:-

	Current Quarter Ended <u>31/12/2014</u> RM'000	Comparative Quarter Ended <u>31/12/2013</u> RM'000	6 Months Cumulative To Date <u>31/12/2014</u> RM'000	6 Months Cumulative To Date <u>31/12/2013</u> RM'000
Revenue	-	823	-	1,155
(Loss)/Profit before taxation	(34)	(73)	(48)	130
Taxation	(55)	-	(55)	-
Net (loss)/profit for the period from discontinued operation	<u>(89)</u>	<u>(73)</u>	<u>(103)</u>	<u>130</u>

The cashflows attributable to the discontinued operation were as follows:-

	Current Period Ended <u>31/12/2014</u> RM'000	Comparative Period Ended <u>31/12/2013</u> RM'000
Net cash (used in)/generated from operating activities	(75)	946
Net cash generated from investing activities	-	97
Net cash used in financing activities	-	(169)
Total cash flows	<u>(75)</u>	<u>874</u>

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B1 Performance Review for Continuing Operations****(a) Current Quarter vs Preceding Year Comparative Quarter**

For the current quarter, the Group reported a profit before taxation of RM2.69 million on the back of RM16.32 million in revenue as compared to a profit before taxation of RM4.46 million and revenue of RM18.38 million in the preceding year comparative quarter.

The bedding operations in Malaysia recorded lower profit before taxation due to lower revenue as market remains sluggish. The stainless steel fitting operation posted a reduced loss before taxation due to the slight improved in selling price and sales volume. Higher other income in comparative quarter was attributable to gain on derecognition of a subsidiary. Higher profit contribution from associates for current quarter mainly came from power plant operations.

(b) Current Period vs Preceding Year Comparative Period

For the first half of the financial year, the Group reported a profit before taxation of RM3.83 million compared with RM68.10 million in the comparative first half of the preceding financial year. Revenue declined by 15% to RM28.56 million while gross profit margin was reduced to 24% against that of 29% in the comparative period.

The bedding operations in Malaysia recorded lower profit before taxation as a result of the drop in revenue and gross profit margin. The stainless steel fitting operation posted a loss before taxation due to keen competition from oversea manufacturers. Soft selling price and high raw material costs have affected its gross profit margin. Higher profit contribution from associates in China was mainly attributable to improved results in the operation of power plants. Higher profit in the comparative period was mainly due to gain from disposal of land and building.

B2 Material Change in the Profit Before Taxation as compared with the Immediate Preceding Quarter

The Group registered higher revenue of RM16.32 million for the current quarter compared with RM12.23 million registered in the immediate preceding quarter ended 30 September 2014 due to improved bedding revenue. A higher profit before taxation of RM2.69 million versus RM1.14 million in the preceding quarter was recorded. The favourable results were attributable to the improved performance contributed from all the divisions.

B3 Current Year Prospects

The Group expects to maintain positive results for the remaining quarters of the financial year ending 30 June 2015.

B4 Achievability of Forecast Profit

This note is not applicable.

B5 Variance of Actual Profit from Forecast Profit or Profit Guarantee

This note is not applicable.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B6 Notes to the Condensed Consolidated Statement of Profit or Loss**

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

	Current Quarter Ended <u>31/12/2014</u> RM'000	Comparative Quarter Ended <u>31/12/2013</u> RM'000	6 Months Cumulative To Date <u>31/12/2014</u> RM'000	6 Months Cumulative To Date <u>31/12/2013</u> RM'000
<u>Continuing Operations:</u>				
Depreciation of property, plant and equipment	149	161	302	314
Gain on disposal of property, plant and equipment	-	-	-	(61,123)
Gain on derecognition of a subsidiary	-	(1,005)	-	(1,005)
Gain on foreign exchange	(132)	(252)	(148)	(440)
Impairment loss/(Reversal) on trade receivables	139	(48)	139	10
Interest income	(1,344)	(1,155)	(2,588)	(2,616)
<u>Discontinued Operation:</u>				
Depreciation of property, plant and equipment	-	4	-	7
Gain on disposal of property, plant and equipment	-	-	-	162
(Gain)/Loss on foreign exchange	(1)	2	(1)	3
Interest income	(1)	(1)	(2)	(2)

Apart from the above, there was no write off of receivables, write off of inventories, impairment of assets, gain or loss on disposal of quoted or unquoted investments and exceptional item for the current quarter and financial year-to-date.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B7 Taxation**

Taxation comprises the following:-

	Current Quarter Ended <u>31/12/2014</u> RM'000	Comparative Quarter Ended <u>31/12/2013</u> RM'000	6 Months Cumulative To Date <u>31/12/2014</u> RM'000	6 Months Cumulative To Date <u>31/12/2013</u> RM'000
<u>Current tax</u>				
Current year - Malaysia	325	775	543	1,189
- Foreign	3	23	3	63
<u>Deferred tax</u>				
Reversal of temporary differences	-	-	-	(1,409)
Tax expense/(credit) from continuing operations	328	798	546	(157)
Discontinued operation:	-	-	-	-
Underprovision in prior years - Foreign	55	-	55	-
	<u>55</u>	<u>-</u>	<u>55</u>	<u>-</u>
Total tax expense/(credit)	<u>383</u>	<u>798</u>	<u>601</u>	<u>(157)</u>

The effective tax rate of the Group (excluding the share of results of associates) for the current period to date was higher than the statutory rate due principally to certain expenses not being deductible for tax purposes.

B8 Status of Corporate Proposals

There was no outstanding corporate proposal that has been announced but not completed as at the date of this quarterly report.

B9 Group Borrowing

There was no borrowing as at 31 December 2014.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 31 December 2014.

B11 Changes in Material Litigation

The Group is not engaged in any material litigation as at the date of this report which will have a material effect on the financial position of the Group.

B12 Dividend Proposed or Declared

No interim dividend has been recommended by the Board of Directors in respect of the current quarter and financial year-to-date.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B13 Earnings/(Loss) per Share**

The earnings/(loss) per share (basic) for the current quarter and financial year-to-date are calculated by dividing the Group's net profit/(loss) for the period attributable to owners of the parent with the weighted average number of shares in issue (excluding treasury shares) of 83,882,800.

	Current Quarter Ended <u>31/12/2014</u> RM'000	Comparative Quarter Ended <u>31/12/2013</u> RM'000	6 Months Cumulative To Date <u>31/12/2014</u> RM'000	6 Months Cumulative To Date <u>31/12/2013</u> RM'000
Net profit/(loss) attributable to owners of the parent				
- continuing operations	1,521	2,798	1,943	66,970
- discontinued operation	(49)	(40)	(57)	72
	<u>1,472</u>	<u>2,758</u>	<u>1,886</u>	<u>67,042</u>

B14 Realised and Unrealised Profits or Losses

	As at <u>31/12/2014</u> RM'000	As at <u>31/12/2013</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	96,524	97,239
- Unrealised	778	431
	<u>97,302</u>	<u>97,670</u>
Total share of retained profits from associates		
- Realised	3,353	3,325
- Unrealised	-	-
	<u>100,655</u>	<u>100,995</u>
Consolidation adjustments	(58)	(41)
Total Group retained profits as per unaudited consolidated financial statements	<u>100,597</u>	<u>100,954</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 11 February 2015